



Renewable Energy Systems and Energy Efficiency Improvements

- Section 9006



Renewable Energy Systems and Energy Efficiency Improvements

○ Objectives

- Create additional source of income for ag producers and rural small businesses.
- Promote a cleaner environment
- Displace fossil fuels
- Reduce reliance on foreign oil



What is Renewable Energy?

- Energy derived from wind, solar, biomass, or geothermal sources



What is a Renewable Energy System?

- A system that produces usable energy from a renewable energy source.




What are Energy Efficiency Improvements?

- Improvements to a facility, building, or process that reduce energy consumption



Renewable Energy Systems and Energy Efficiency Improvements --- 9006 Section

- RD Instruction 4280-B
- What is the Section 9006 Program?
- Who is Eligible?
- What Projects are Eligible?
- How to Apply?
 - Filling out the Application
 - Application Requirements
 - Technical Requirements
 - Environmental Requirements



What is the Energy Program? Section 9006?

- Program designed to assist farmers, ranchers and rural small businesses with energy projects.
- This program provides grants and loan guarantees for the purchase of renewable energy systems and to make energy efficiency improvements.
- Created as a 5 year program. Congress has funded the program at \$22.8 million per year for the first three years.



Who is Eligible?

- Rural small businesses and agricultural producers
- Rural - Any area other than a city or town with population over 50,000. Can not be in urbanized area adjacent to such a city or town.
- Agricultural producer - An individual or entity directly engaged in the production of agricultural products (including farming or ranching) that gets 50% + of their gross income from the operations.
- Small Business – A private entity including a sole proprietorship, partnership, corporation, or cooperative
 - Must meet SBA size standards for small business www.sba.gov/size/index/tableofsize.html
 - Non-profits are not eligible



Eligibility cont.

- Other requirements for eligible applicants:
 - Must demonstrate financial need
 - If individuals, must be U.S. citizens or legal permanent residents of the U.S.
 - If an entity, must be at least 51 percent owned by individuals who are either U.S. citizens or legal permanent residents of the U.S.
 - If a rural small business, the business headquarters must be in a rural area.



Project Eligibility

- The applicant must be the owner of the project and control the operation and maintenance of the proposed project.
- Any renewable energy and energy efficiency project as defined in the law.
- Requirements for eligible projects:
 - Must be located in a rural area.
 - Must be for a commercially available and replicable technology.
 - Must be technically feasible.
 - Must have sufficient revenues to provide for operation and maintenance



Project Eligibility cont...

- Grant requests must not exceed 25% of project costs
- Renewable Energy:
 - Minimum grant request: \$2,500
 - Maximum grant request: \$500,000
 - Request over \$50,000, requires a project-specific feasibility study prepared by a qualified independent consultant
- Energy Efficiency
 - Maximum grant request: \$250,000
 - If total project costs are over \$50,000, an energy audit is required.



Guaranteed Loan Eligibility

- Same as grant except the guaranteed loan shall not exceed 50% of the cost of the project funded.
- Minimum guaranteed loan request \$5,000
- Maximum guaranteed loan request \$10 million
- Equity for loans less than \$600,000 – 15% of eligible project costs
- Equity for loans over \$600,000 – 25% of eligible project costs
- Percentage of Guarantee: \$600,000 or less – 85%
 - \$600,000 to \$5 million – 80%
 - \$5 million plus to \$10 million- 70%



Ineligible items

- Residential improvements
- Energy efficiency improvements related to new construction
- Agricultural tillage equipment
- Vehicles
- Applicant in-kind contributions



Definitions

- Renewable Energy – energy derived from:
 - wind, solar, biomass, or geothermal source, or
 - hydrogen derived from biomass or water using one of the above energy sources

- Biomass – any organic material that is available on a renewable or recurring basis. Includes:
 - agricultural crops
 - trees grown for energy production
 - wood waste and wood residues
 - plants (including aquatic plants and grasses)
 - residues
 - fibers
 - animal wastes, and
 - fats, oils and greases (including those that are recycled).



Definitions

- The term “biomass” does not include paper that is commonly recycled or unsegregated solid waste.



Applications:

- Applications may be filed with your local Area Office
- For a copy of the RD Instructions visit the following website:
www.rurdev.usda.gov/rbs/farmbill/
- The website also includes tools that are useful information.



Filling out the Application

- Standard Forms
 - Can download all the forms at www.rurdev.usda.gov/rbs/farmbill/
- SF-424: Application for Federal Assistance
 - Organizational DUNS
 - Dun and Bradstreet Universal Numbering System
 - To obtain your DUNS Number, call the government dedicated DUNS Number self-request line at: 1-866-705-5711



Application Requirements

- Must meet eligibility requirements for:
 - Applicant
 - Project
 - Financial Need
 - Replicability
 - Complete application
- To qualify for funding, the application will also have to pass:
 - Technical Review
 - National Environmental Policy Act (NEPA) Review



Technical Requirements

- Technical requirements are based on type and size of technology
- All requirements follow the same standard project development process:
 - Qualifications of project team
 - Agreements and permits
 - Resource assessment
 - Design and engineering
 - Project development schedule
 - Financial feasibility
 - Equipment procurement
 - Equipment installation
 - Operations and maintenance
 - Decommissioning
- Any grant request of over \$50,000 requires the services of a Professional Engineer.



Technical Requirements

- Different Technology Requirements for:
 - Biomass, Bioenergy
 - Anaerobic Digester
 - Geothermal, electric generation
 - Geothermal, direct use
 - Hydrogen
 - Solar, small (10 kW or smaller)
 - Solar, large (larger than 10 kW)
 - Wind, small (100 kW or smaller)
 - Wind, large (larger than 100 kW)
 - Energy Efficiency
- USDA has worked with technology experts to develop Guidance on the Technical Requirements for each technology.
 - Designed to help applicants better understand how to respond to the technical requirements of the instructions.
 - Available at www.rurdev.usda.gov/rbs/farmbill/ under “Tools and Resources”



Environmental Requirements

- All projects receiving federal grants are subject to the provisions of the National Environmental Policy Act (NEPA).
- The USDA will perform the NEPA review
- Applicants must:
 - Complete Form RD 1940-20, "Request for Environmental Information."
 - Provide all information necessary for the Agency to complete a NEPA review and analysis. USDA may contact applicant after preliminary review if more information is needed.
 - Be responsible for any applicable analyses and studies required as part of completing the NEPA analysis (i.e. Archaeological studies, Biological Assessments, etc.)
 - Strive to achieve positive community support, select good sites, and mitigate environmental impacts resulting from their proposals.



Evaluation Criteria

- Used to rank eligible projects to determine order of funding
- Points awarded for:
 - Quantity of energy produced or saved
 - Environmental benefits
 - Commercial availability
 - Technical merit
 - Financing readiness
 - Applicant size
 - New applicants



Online Information

- Web site for the USDA Farm Bill Section 9006:
 - www.rurdev.usda.gov/rbs/farmbill/
- Web site includes a range of useful information:
 - Copy of Rural Development Instructions 4280-B
 - Overview of Program
 - USDA RD State Office Rural Energy Coordinators
 - Tools and Resources
 - Section 9006 Forms (Standard Government Application Forms)
 - "Other Links" to resources for these technologies



Tools and Resources

- Support materials are available on the USDA web site including:
 - Section 9006 Program Brochure (PDF)
 - Technology-specific Guidance for Technical Requirements
 - Environmental Guidance
 - Sample Application (PDF)
 - Fictional small wind project
 - Overview Presentation (PDF)
 - Links to external resources
- www.rurdev.usda.gov/rbs/farmbill/



For More Information

- Contact your Local Area Rural Development Office or the state's USDA Rural Energy Coordinator
 - To find your local Area Office go to:
<http://www.rurdev.usda.gov/al/>
 - To find your Coordinator, go to:
www.rurdev.usda.gov/rbs/farmbill/contacts.htm
 - Information on eligibility and program details
 - Assistance with filling out applications
 - Advance action on environmental reviews for projects of concern



Section 9008 – Biomass Research and Development – Farm Bill

- Prior to FY 06 administered by NRCS
- Funding availability announced through an annual solicitation



Section 9008 – Biomass Research and Development - Eligibility

- Eligible applicants:
 - An institution of higher education
 - A national laboratory
 - A federal research agency
 - A state Research agency
 - A private sector entity
 - A nonprofit organization
 - A consortium of two or more entities described above



9008- Purpose

- Stimulate Research and development of biomass technologies
- Demonstration of technologies resulting in diversification of biobased products



Value-Added Producer Grants

- Grants are used for planning activities and working capital for marketing value-added agricultural products and for farm based renewable energy.
- Eligible applicants are independent agricultural producers, farmer and rancher cooperatives, agricultural producer groups, and majority-controlled producer-based business ventures.
- Funding availability is announced through an annual solicitation.
- <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>